

Message Text

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ACTION FMC-04

INFO OCT-01 EUR-25 ISO-00 CIAE-00 COME-00 DODE-00 EB-11

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8428

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E.O. 11652: N/A

TAGS: ETRN, ENRG, UK

SUBJECT: REQUEST FOR BUNKER "C" PRICE QUOTATIONS

REF: STATE 38289

1. NON-CONTRACT BUNKER PRICES (POSTED PRICES) FOR SOUTH-HAMPTON AS QUOTED IN JOURNAL OF COMMERCE SATURDAY, MARCH 2 IN US DOLLARS PER LONG TON (2240 LBS.) ARE B.M.P.C. (EXXON) \$79.40, SHELL \$81.50, B.P. \$80.50. UNABLE TO OBTAIN CONTRACT PRICE SINCE THIS PRICE VARIES PER SHIP-OWNER AND IS BASED ON EACH OPERATOR'S WORLDWIDE BUNKER REQUIREMENTS. ONE MAJOR OPERATOR TRADING IN THE NORTH ATLANTIC HAS A CONTRACT PRICE OF \$2.00 OFF POSTED PRICE WITH ONE MAJOR OIL COMPANY AND \$4.50 OFF POSTED PRICE WITH ANOTHER MAJOR. THIS OPERATOR DOES NOT BUNKER IN SOUTHAMPTON.

2. THE U. S. FLAG LINES SERVING THE UK DO NOT BUNKER IN SOUTHAMPTON. ONE LINE BUNKERS IN THE US FOR COMPLETE VOYAGE, ANOTHER BUNKERS IN ROTTERDAM WHILE THE REMAINING LINE SHOPS AROUND TAKING SOME IN USA, ROTTERDAM AND ELSE-WHERE.

3. ALL OPERATORS RELATE SOME HORROR STORY ABOUT BEING LIMITED OFFICIAL USE

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DENIED BUNKERS IN SOME PORTS, OR BEING FORCED TO PAY

EXORBITANT PRICES AND EVEN BLACKMAIL INCREASES OR COMMISSIONS. MOST OF THESE EVENTS ARE IN THE PAST. IT APPEARS THAT FOR THE MOMENT THERE IS A SOFTENING IN BUNKER PRICES IN EUROPE. ONE GREEK OPERATOR EVEN EXPECTS LOWER PRICES TO BE FORTHCOMING.

4. AT LEAST ONE MAJOR CARRIER IN THE NORTH ATLANTIC TRADE WHO DOES NOT WISH TO BE NAMED IS BENEFITING FROM "BLACK MARKET" BUNKERS AVAILABLE AT LOWER THAN CONTRACT CONTRACT PRICES. OTHER OPERATORS ARE GETTING OFFERS OF BUNKERS AVAILABLE ON SHORT TERM (ONE MONTH) AT LOWER THAN CONTRACT PRICES AT FREE PORTS (PORTS NOT COVERED BY CONTRACT). ROTTERDAM IS ONE OF THESE FREE PORTS WHERE BUNKERS ARE CURRENTLY AVAILABLE AT BARGAIN PRICES.

5. THE NORTH ATLANTIC CARRIER MENTIONED IN PARA FOUR ABOVE HAS AN ALLOCATION OF BUNKERS FROM CONTRACTED SUPPLIERS WHICH IN THE CARRIER'S OPINION IS INADEQUATE FOR ITS OPERATIONS. ALTHOUGH THE CARRIER BELIEVES HE CAN OBTAIN MORE BUNKERS FROM THE CONTRACTING MAJOR AT THE CONTRACT PRICE, HE CHOOSES TO OBTAIN BUNKERS FROM INDEPENDENTS IN ROTTERDAM AT PRICES SUBSTANTIALLY BELOW CONTRACT PRICE. THE GREEK OPERATOR MENTIONED EARLIER IS BUYING BUNKERS IN ROTTERDAM FROM THE SAME MAJOR WITH WHOM HE HAS A CONTRACT (ALBEIT NOT INCLUDING ROTTERDAM IN THE CONTRACT). HE IS GETTING BUNKERS SUBSTANTIALLY BELOW CONTRACT PRICE.

6. THE US OPERATORS ARE NOT ANXIOUS TO REVEAL DETAILS OF "BLACK MARKET" ACTIVITIES IN BUNKERS. THE DEALS ARE MADE IN EUROPE BUT ALL AGREEMENTS ARE WITH THE KNOWLEDGE OF PRINCIPALS IN USA. EMBOFF HAS BEEN FREQUENTLY ASKED TO GET THE BUNKER INFORMATION FROM THOSE IN CHARGE BACK IN N. Y.

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